

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

In re:

THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,	:	PROMESA
	:	Title III
as representative of	:	Case No. 17-BK-3283 (LTS)
THE COMMONWEALTH OF PUERTO RICO <i>et al.</i> ,	:	(Jointly Administered)
Debtors. ¹	:	

**OBJECTION OF OFFICIAL COMMITTEE OF UNSECURED CREDITORS TO
REQUEST FOR EXPEDITED HEARING TO CONSIDER URGENT MOTION OF
ASSURED GUARANTY CORP. AND ASSURED GUARANTY MUNICIPAL CORP. TO
COMPEL COMPLIANCE BY OFFICIAL COMMITTEE OF UNSECURED
CREDITORS WITH FEDERAL RULE OF BANKRUPTCY PROCEDURES 2019
AND TO AMEND EIGHTH AMENDED CASE MANAGEMENT PROCEDURES**

The Official Committee of Unsecured Creditors of All Title III Debtors (the “Committee”) hereby submits this objection (the “Objection”) to the request of Assured Guaranty Corp. and Assured Guaranty Municipal Corp. (“Assured”) to have its urgent motion [Docket No. 6963] (the “Urgent Motion”) heard on shortened notice at the May 16, 2019 hearing. In support of this Objection, the Committee respectfully states as follows:

¹ The Debtors in these Title III cases, along with each Debtor’s respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481), (ii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686), (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), (iv) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474), and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747).

OBJECTION

1. There is no emergency here; certainly not an emergency which require pleadings to be filed on 24 hours' notice. Assured' Urgent Motion is nothing but a desperate, last-minute "Hail Mary" attempt to derail tomorrow's hearing on the motion [Docket No. 6867] (the "Approval Motion") to approve the stipulation among the Oversight Board, its Special Claims Committee, and the Committee regarding the joint prosecution of HTA and ERS causes of action. Indeed, as Assured Guaranty President and CEO Dominic Frederico recently stated in reaction to the Oversight Board's and Committee's challenge to the constitutionality of the Commonwealth's general obligation bonds and the related clawback actions:

Our position is that all of the GO bonds should be provided 100% recovery, because of the constitutional requirement they must be paid before all other government expenses and there is more than adequate funds to service the debt. . . . *we consider any challenge, much less invalidation, of those GO bonds illegal and immoral.*²

In light of these comments, it is transparent that Assured is pursuing a "scorched Earth" strategy and that the sole purpose of the Urgent Motion is to harass the Committee.

2. None of the Committee's Rule 2019 statements or the prior changes to the composition in the Committee's membership are in any way news to Assured. Indeed, Assured complains about the Committee's Rule 2019 statements filed all the way back to the beginning of these Title III cases nearly two years ago and changes to the Committee membership occurring more than six months ago. The fact that Assured now believes that its Rule 2019 line of attack may be fruitful does not make it an emergency. And as to the Committee's most recently updated Rule 2019 statement filed on May 8, 2019 [Docket No. 6874], the Committee made these additional disclosures *at the insistence of Assured*, even though, as is readily

² Assured's Frederico Talks Path to PREPA Plan Confirmation, Broad GO Defense, Reorg Research, May 10, 2019. A copy of the article is attached hereto as Exhibit A.

apparent from the face of the statement (including the blackline attached thereto), the changes to the amounts of such disclosable economic interests since the filing of the prior statement were minor and have not materially changed the nature and total amount of claims represented by Committee members.³ There is simply no basis to have the Urgent Motion heard tomorrow, as Assured is free to make all these arguments in opposition to the approval of the stipulation.

3. The Committee will respond to Assured's spurious allegations in due course, but will certainly require more than 24 hours to do. Accordingly, the Committee respectfully request that, to the extent the Court is willing to entertain Assured's Urgent Motion at all, it should be heard, on regular notice, at the next omnibus hearing on June 12, 2019, with the Committee's objection thereto due on May 28, 2019 (the regular objection deadline for matters set for the June 12 hearing).

RESERVATION OF RIGHTS

4. The Committee reserves all its rights in regard to the Urgent Motion.

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³ Assured's argument that a \$300,000 decrease of one Committee member's \$8 million claim or \$600,000 decrease of another Committee member's \$2.8 million claim (without any change in the composition of the claim) is simply ludicrous. And the additional disclosures as to SEIU were made to satisfy Assured's request for additional disclosure. The fact that SEIU only filed a claim against the Commonwealth is also irrelevant, as the bar date order [Docket No. 2521] *expressly excluded pension claims* from the requirement to file proofs of claim.

WHEREFORE, the Committee respectfully requests that this Court deny the Urgent Motion or, in the alternative, schedule the Urgent Motion for the next omnibus hearing on June 12, 2019.

Dated: May 15, 2019

/s/ Luc A. Despins

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- and -

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